

UNITED STATES BANKRUPTCY COURT  
NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION

IN RE:	)	Case No. 16-39654
	)	(Jointly Administered)
ARGON CREDIT, LLC, <i>et al</i> ,	)	
	)	Chapter 7
Debtors.	)	
	)	Hon. Deborah L. Thorne
	)	
	)	Hearing Date: March 10, 2022 at 9:00 a.m.
	)	

**NOTICE OF HEARING**

TO: See attached list

PLEASE TAKE NOTICE that on March 10, 2022 at 9:00 a.m., I will appear before the Honorable Deborah L. Thorne, or any judge sitting in her place, and present the *Trustee's Objection to Claim No. 5 Filed by Department of Treasury – Internal Revenue Service Against Argon Credit, LLC*, a copy of which is attached hereto and herewith served upon you.

**This motion will be presented and heard electronically using Zoom for Government.** No personal appearance in court is necessary or permitted. To appear and be heard on the motion, you must do the following:

**To appear by video**, use this link: <https://www.zoomgov.com/>. Then enter the meeting ID and password.

**To appear by telephone**, call Zoom for Government at 1-669-254-5252 or 1-646-828-7666. Then enter the meeting ID and password.

**Meeting ID and password.** The meeting ID for this hearing is 160 9362 1728. These credentials can also be found on the judge's page on the court's web site, at <https://www.ilnb.uscourts.gov/content/judge-deborah-l-thorne>.

**If you object to this motion** and want it called on the presentment date above, you must file a Notice of Objection no later than two (2) business days before that date. If a Notice of Objection is timely filed, the motion will be called on the presentment date. If no Notice of Objection is timely filed, the court may grant the motion in advance without a hearing.

Dated: February 2, 2022

**KAREN R. GOODMAN, CHAPTER 7  
TRUSTEE**

By: /s/ Elizabeth L. Janczak  
One of Her Attorneys

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) Chapter 7  
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) Hon. Deborah L. Thorne  
)  
) Hearing Date: March 10, 2022 at 9:00 a.m.  
)

**CERTIFICATE OF SERVICE**

I, Elizabeth L. Janczak, an attorney, hereby certify that on February 2, 2022, I caused a true and correct copy of the foregoing *Notice of Hearing* and *Trustee's Objection to Claim No. 5 Filed by Department of Treasury – Internal Revenue Service Against Argon Credit, LLC*, to be filed with the Court and served upon the following parties by the manners listed.

\_\_\_\_\_/s/ Elizabeth L. Janczak

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**UNITED STATES BANKRUPTCY COURT  
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	)	Chapter 7
Debtors.	)	
	)	Hon. Deborah L. Thorne
	)	
	)	Hearing Date: March 10, 2022 at 9:00 a.m.

**TRUSTEE’S OBJECTION TO CLAIM NO. 5 FILED BY DEPARTMENT OF  
TREASURY – INTERNAL REVENUE SERVICE AGAINST ARGON CREDIT, LLC**

Karen R. Goodman (the “*Trustee*”), the chapter 7 Trustee in the above captioned bankruptcy cases of Argon Credit, LLC (“*Argon Credit*”) and Argon X, LLC (“*Argon X*,” together with Argon Credit, the “*Debtors*”), by and through her undersigned counsel, hereby submits this objection (the “*Objection*”) to Claim No. 5 (the “*Claim*”) filed by the Department of Treasury – Internal Revenue Service (the “*IRS*”) against Argon Credit pursuant to sections 105(a) and 502(b) of title 11 of the United States Code (the “*Bankruptcy Code*”) and Rule 3007 of the Federal Rules of Bankruptcy Procedure (the “*Bankruptcy Rules*”). In support hereof, the Trustee states as follows:

**JURISDICTION**

1. The Court has jurisdiction over this matter pursuant to sections 1334 and 157(a) of title 28 of the United States Code and Internal Operating Procedure 15(a) of the United States District Court for the Northern District of Illinois. This is a core proceeding pursuant to section 157(b)(2) of title 28 of the United States Code. Venue is proper in this district pursuant to sections 1408 and 1409 of title 28 of the United States Code.

2. The statutory predicates for the relief requested herein are sections 105(a) and 502(b) of the Bankruptcy Code and Rule 3007 of the Bankruptcy Rules.

### **BACKGROUND**

#### **A. Procedural History**

3. On December 16, 2016 (the “*Petition Date*”), the Debtors filed voluntary petitions for relief under chapter 11 of title 11 of the United State Code (the “*Bankruptcy Code*”).

4. On January 11, 2017, the Debtors’ bankruptcy cases were converted from cases under chapter 11 to cases under chapter 7.

5. Deborah K. Ebner was appointed the interim chapter 7 trustee of the Debtors’ estates, but resigned on April 17, 2017.

6. Eugene Crane was appointed as interim chapter 7 trustee on April 17, 2017 and confirmed by the Court on July 6, 2017.

7. On June 1, 2020, the Trustee was appointed as the successor chapter 7 trustee after Mr. Crane’s resignation.

#### **B. Argon Credit’s Pre-Petition Payroll Servicer**

8. Prior to the Petition Date, Argon Credit entered into a Client Service Agreement with Synergy PEO Services, Inc. (“*Synergy*”) effective January 1, 2016 which provided that Synergy would provide Argon Credit with certain professional employer services. A true and correct copy of the Client Service Agreement is attached hereto as Exhibit 1.

9. Under the Client Service Agreement, Argon Credit surrendered and transferred to Synergy specific employer responsibilities so that Synergy became an employer of Argon Credit’s workers. (Exhibit 1 ¶ 5.) Among other things, Synergy was responsible for payment of employee wages and compliance with all rules and regulations relating to federal and state

payroll taxes on wages. (*Id.* ¶¶ 8(A) and 14(A)(i)-(ii).) In exchange, Argon Credit was responsible for paying Synergy all amounts invoiced by Synergy based upon calculated payroll (*Id.* ¶ 8.)

10. Argon Credit paid Synergy all amounts due and owing, including payments post-petition, and Synergy has not filed a claim against Argon Credit's estate. *See Emergency Motion for Entry of an Order (A) Authorizing Debtor to Pay (I) All Prepetition Employee Obligations, and (II) Prepetition Withholding Obligations, and (B) Directing Banks to Honor Related Transfers* ¶ 17, ECF No. 10 (stating that payroll through December 10, 2016 was paid to Synergy prior to the bankruptcy filing); *Summary of Cash Receipts and Disbursements for Filing Period Ending December 16, 2016 through January 11, 2017* at p. 11, ECF No. 117 (paying post-petition payroll).

11. Synergy represented to the Trustee that it remitted all required 2016 payroll taxes relating to the Argon Credit workers to the IRS under Synergy's federal employer identification number as part of lump sum deposits along with the payroll taxes of Synergy's other customers.

### **C. The Claim**

12. On February 7, 2017, the IRS filed the Claim against Argon Credit in the amount of \$867,595.72, of which \$857,748.04 was asserted as a priority tax claim for alleged unpaid payroll taxes. A true and correct copy of the Claim is attached hereto as Exhibit 2.

13. The Claim asserted claims for unpaid FICA and FUTA taxes, primarily for the year 2016, on the basis of "Unassessed-No Return". *Id.*

### **OBJECTION**

14. By this Objection, the Trustee respectfully requests the entry of an order disallowing the IRS' Claim because no amounts are owed to the IRS by Argon Credit.

15. Section 502(b)(1) of the Bankruptcy Code provides that claims against a bankruptcy estate shall be allowed except to the extent that “such claim is unenforceable against the debtor and property of the debtor, under any agreement or applicable law for a reason other than because such claim is contingent or unmatured[.]” 11 U.S.C. § 502(b)(1).

16. The IRS’ Claim is unenforceable against Argon Credit because: (1) Synergy, not Argon Credit, was responsible for 2016 payroll taxes under the terms of the Client Service Agreement, (2) all necessary payroll taxes were in fact paid by Synergy, and (3) there is no basis for 2014 taxes asserted against Argon Credit.

17. As discussed above, the Client Services Agreement clearly provides that Argon Credit’s employees, and the wage and tax responsibilities therefor, were transferred to Synergy. Synergy paid all applicable 2016 taxes to the IRS under its federal employer identification number.

18. As to the 2014 taxes (\$492.00 in total), no FICA taxes were filed because the Trustee understands that Argon Credit had minimal operations in 2014 and no taxes were owed. *See e.g. Declaration of Raviv Wolfe in Support of the Debtors’ Chapter 11 Petition and Requests for First Day Relief* ¶ 10, ECF No. 11 (representing \$136,834.00 in total revenue for 2014).

19. Accordingly, the Trustee requests that the IRS’ Claim be disallowed in its entirety as no amounts are due and owing to the IRS.

**WHEREFORE**, the Trustee respectfully requests that the Court enter an order (i) disallowing Claim No. 5 against Argon Credit filed by the IRS; and (ii) granting such other and further relief as the Court deems just and proper.

Dated: February 2, 2022

**KAREN R. GOODMAN, CHAPTER 7  
TRUSTEE**

By: /s/ Elizabeth L. Janczak  
One of Her Attorneys

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